

1 A bill to be entitled
2 An act relating to capital recovery; creating s.
3 155.50, F.S.; providing definitions; requiring the
4 Department of Financial Services to maintain a list of
5 claims specialist certification providers on its
6 website; specifying the information to be included in
7 a capital recovery report; defining the method used to
8 calculate a denial rate; requiring hospital districts
9 and county hospitals to comply with capital recovery
10 reporting requirements; requiring the Department of
11 Financial Services to contract with an approved
12 provider, to calculate denial rates for certain
13 hospital districts and county hospitals; prohibiting
14 hospital districts and county hospitals from receiving
15 increased tax revenues if they fail to timely submit a
16 complete report; requiring the department to maintain
17 a list of approved providers; requiring hospital
18 districts and county hospitals to meet specified
19 requirements prior to levying or receiving increased
20 tax revenues; clarifying that the section does not
21 provide additional authority to increase the maximum
22 authorized millage rates; clarifying that this section
23 supersedes special acts; providing the Department of
24 Financial Services with regular and emergency
25 rulemaking authority to specify the type and form of
26 data necessary to calculate a denial rate; providing a

27 statement of important state interest; providing an
 28 appropriation; providing an effective date.

29
 30 Be It Enacted by the Legislature of the State of Florida:
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32 Section 1. Section 155.50, Florida Statutes, is created to
 33 read:

34 155.50 Capital recovery requirements for tax supported
 35 hospitals .-

36 (1) Definitions - As used in this section, the term:

37 (a) "Approved provider" means a business that generates at
 38 least eighty-five percent of its revenues from denied claims
 39 management, that has been in existence for at least five years,
 40 and that employs at least thirty certified claims specialists.

41 (b) "Certified claims specialist" means an individual who
 42 is certified by an entity that uses nationally recognized claims
 43 management principles to establish a baseline competency for
 44 claims specialists. The department shall maintain a list of
 45 recognized certification providers on its website.

46 (c) "Claim" means an itemized statement of healthcare
 47 services and costs from a health care provider or facility
 48 submitted to a governmental entity or a third party for payment.

49 (d) "Denial value" means the gross amount of all zero paid
 50 line items on billed claims submitted in a given fiscal year for
 51 which specific payment is expected but for which no payment has
 52 been received within 30 days, as indicated in remittance advice

53 electronically transmitted by insurers or governmental entities.

54 (e) "Denial rate" means the denial value divided by the
 55 total gross value of claims electronically billed during the
 56 fiscal year reflected on the hospital district or county
 57 hospital's claims submissions. The fiscal year for the denial
 58 value and the fiscal year for the gross value of claims must be
 59 the same year. If an insurer declares bankruptcy all claims
 60 issued to and claim denials by that insurer shall be removed
 61 from the numerator and denominator of this calculation.

62 (f) "Department" means the Department of Financial
 63 Services.

64 (g) "Hospital district" means any dependent or independent
 65 special district that levies ad valorem taxes to support the
 66 operations of one or more hospitals or other medical facilities.

67 (h) "County Funding" means funds appropriated by a county
 68 government to support a hospital or the proceeds of an ad
 69 valorem tax levied by a county to support a hospital.

70 (i) "County hospital" means any hospital receiving county
 71 funding.

72 (j) "Increased tax revenues" means an increase in ad
 73 valorem tax revenues levied by a hospital district or an
 74 increase in county funding for a county hospital for a fiscal
 75 year in comparison to the levying or funding entity's
 76 immediately prior fiscal year.

77 (k) "Capital recovery report" means a report of claims to
 78 an insurer or governmental entity and related claims denials for

79 all of the claims of hospitals and other medical facility
 80 operations of a hospital district or a county hospital that
 81 shall:

82 1. Include all claims data electronically submitted by all
 83 hospitals and other medical facilities and operations of the
 84 hospital district or county hospitals to a governmental entity
 85 or insurer and remittance advice or responses electronically
 86 transmitted by insurers or governmental entities in an
 87 electronic format that the approved provider hired by the
 88 department can use to calculate denial rates; and

89 2. Include an attestation by a certified public accountant
 90 that the billing information reflected in the report is
 91 accurate, complete, and consistent with generally accepted
 92 accounting principles.

93 3. Comply with federal and state confidentiality
 94 standards.

95 (1) "Fiscal year" means the period commencing on October 1
 96 and ending on September 30 of each year.

97 (m) "Specific payment" means the reimbursement amount
 98 expected based on the Centers for Medicare and Medicaid
 99 Services' fee schedule or the contracted rates specific to each
 100 insurer.

101 (2) (a) The department shall contract with an approved
 102 provider to receive capital recovery reports and calculate the
 103 denial rate for each hospital district or county hospital based
 104 on the data submitted in the capital recovery reports.

105 (b) Any approved provider contracted by the department may
106 not also work in any capacity for any hospital district or
107 county hospital that is required to submit a capital recovery
108 report pursuant to this section.

109 (3) Every hospital district or county hospital must
110 complete and submit to the approved provider under contract with
111 the department a capital recovery report within 60 calendar days
112 following the end of the fiscal year. The hospital district or
113 county hospital may develop its own capital recovery report
114 according to the requirements of this section or it may hire an
115 approved provider to develop the capital recovery report. The
116 first capital recovery report shall be due following the 2015-
117 2016 fiscal year.

118 (4) Within 90 calendar days of receiving the complete
119 capital recovery report, the approved provider under contract
120 with the department shall calculate the denial rate for the
121 hospital district or county hospital based on the data submitted
122 in the capital recovery report and notify the board of the
123 hospital district or county hospital of the denial rate. The
124 report will be deemed incomplete until the approved provider
125 under contract with the department has sufficient data in the
126 proper format to allow it to accurately calculate a denial rate
127 for the hospital district or county hospital. If the approved
128 provider under contract with the department receives an
129 incomplete report, the approved provider shall notify the
130 governing board of the hospital district or county hospital. The

131 hospital district or county hospital shall have fifteen business
 132 days from the date the approved provider under contract with the
 133 department issues the notification to provide the complete
 134 report to the approved provider. If the hospital district or
 135 county hospital fails to provide the complete report within
 136 fifteen business days, the hospital district or county hospital
 137 may not levy or receive increased tax revenues for the fiscal
 138 year following the year in which the capital recovery report was
 139 due.

140 (5) The department shall establish a list of at least five
 141 approved providers that meet the requirements of this section.

142 (6) A hospital district or county hospital may levy or
 143 receive increased tax revenues for the fiscal years 2017-2018,
 144 2018-2019, and 2019-2020 only if the denial rate calculated from
 145 the capital recovery report submitted to the approved provider
 146 under contract with the department in the immediately preceding
 147 fiscal year is ten percent or less. A hospital district or
 148 county hospital may levy or receive increased tax revenues for
 149 each fiscal year after 2019-2020 only if the denial rate
 150 calculated from the capital recovery report submitted to the
 151 approved provider under contract with the department in the
 152 immediately preceding fiscal year is seven percent or less. If
 153 the hospital district or county hospital fails to meet the
 154 denial rates described in this subsection, it may increase tax
 155 revenues if it can demonstrate that within the prior three years
 156 it has reduced its claim denial rate by thirty three percent and

157 reduced its claim denial rate by sixty-six percent in the prior
 158 five years.

159 (7) Nothing in this section authorizes a hospital district
 160 to increase its millage beyond the millage specified in its
 161 authorizing act or beyond 10 mills if the tax revenues are
 162 received from the county. The provisions of this section are in
 163 addition to any other statute or special act. To the extent that
 164 this section conflicts with any special act, resolution or
 165 ordinance, this section supersedes the special act, resolution
 166 or ordinance.

167 (8) The department may promulgate rules to clarify the type
 168 and form of records to be submitted as part of the capital
 169 recovery report that will be necessary to calculate a denial
 170 rate for each hospital district or county hospital. The
 171 department is authorized, and all conditions are deemed met, to
 172 adopt emergency rules under ss. 120.536(1) and 120.54(4), for
 173 the purpose of implementing this section.

174 (9) By March 1 of each year, the department or an approved
 175 provider hired by the department shall submit to the President
 176 of the Senate, the Speaker of the House of Representatives, and
 177 the tax committees of each house of the Legislature the denial
 178 rates for each county hospital and hospital district.

179 Section 2. The Legislature finds that this act fulfills an
 180 important state interest.

181 Section 3. For the 2015-2016 fiscal year, the sums of
 182 \$400,000 in recurring funds and \$60,000 in nonrecurring funds,

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183 from the General Revenue Fund are appropriated to the Department
184 of Financial Services to contract with an appropriate provider
185 for the receipt of capital recovery reports from hospital
186 districts and county hospitals and the calculation of the denial
187 rate for each such district or hospital to implement the
188 provisions of this act.

189 Section 4. This act shall take effect July 1, 2015.